

HERALDING A GLOBAL VISION EXPORTS THE NEW FOCUS

2nd Quarterly Report
For the quarter &
Half-Year ended
December 31, 2016



MILLAT TRACTORS LIMITED



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mr. Sikandar Mustafa Khan

CHIEF EXECUTIVE

Syed Muhammad Irfan Aqueel

Mr. Latif Khalid Hashmi

Mr. Sohail Bashir Rana

Mr. Laeeq Uddin Ansari

Mian Muhammad Saleem

Syed Zubair Ahmed Shah (NIT Nominee)

Mr. Saad Iqbal

COMPANY SECRETARY

Mian Muhammad Saleem

CHIEF FINANCIAL OFFICER

Mr. Sohail Ahmed Nisar - FCA

AUDITORS

EY Ford Rhodes

Chartered Accountants

LEGAL ADVISORS

Asjad Saeed and Associates

Akhtar Ali & Associates

Ch. Law Associates Inn

COMPANY SHARE REGISTRARS

M/s. Hameed Majeed Associates (Pvt.) Ltd.,
1st Floor, H.M. House, 7-Bank Square, Lahore.

Tel: 042-37235081-82 - Fax: 042-37358817

shares@hmaconsultants.com

BANKERS

Bank Alfalah Ltd.

Habib Bank Ltd.

MCB Bank Ltd.

Standard Chartered Bank.

United Bank Ltd.

Allied Bank Ltd.

Meezan Bank Ltd.

REGISTERED OFFICE AND PLANT

Sheikhupura Road, Distt. Sheikhupura.

Tel: 042-37911021-25, UAN: 111-200-786

Fax: 042-37924166, 37925835

Website: www.millat.com.pk

E-mail: info@millat.com.pk

REGIONAL OFFICES

KARACHI

3-A, Faiyaz Centre, Sindhi Muslim

Co-operative Housing Society,

Tel: 021-34553752, UAN: 111-200-786

Fax: 021-34556321

MULTAN CANTT.

Garden Town, (Daulatabad), Shershah Road,

Tel: 061-6537371 - Fax: 061-6539271

ISLAMABAD

H. No. 22, St. No. 41, Sector F-6/1,

Tel: 051-2271470, UAN: 111-200-786

Fax: 051-2270693

SUKKUR

A-3, Professor Housing Society, Shikarpur Road,

Tel: 071-5633042, Fax: 071-5633187

CHAIRMANS' REVIEW

I am pleased to present the review of operations of Millat Tractors Limited and its financial results for the half year and quarter ended December 31, 2016, along with the review report from the auditors and consolidated financial information.

During the six months ended December 31, 2016, the Company has achieved a sales volume of 13,056 tractors against 7,796 tractors for the corresponding period last year presenting an increase of 67%. Revenue for the period amounted to Rs. 11,543 million as compared to Rs. 6,470 million in the comparative period showing an increase of Rs. 5,073 million.

Profit after tax for the period amounted to Rs. 1,579 million translating into an EPS of Rs. 35.66 against a profit of Rs. 572 million with an EPS of Rs. 12.91 in six months ended December 31, 2015.

The exchange parity in dollar terms remained stable while, Rupee strengthened against Euro and GBP after Brexit. The energy prices also remained stable globally. During the six months ended average inflation rate remained low around 3.9%. Overall economy has strengthened due to increased credit expansion, higher production of kharif crops and improvements in energy supply. In recent meeting of Economic Coordination Committee, the subsidy on fertilizers has also been endorsed in continuation of the previous fertilizer scheme for the current fiscal year to aid the agri-community.

The company has launched its new emission compliant engines and has entered into a club of emission compliant engine manufacturers. This will be followed by commercial production of the units which is important not only in meeting future environmental legislation for the automotive sector in Pakistan but will help in penetrating global markets hitherto inaccessible due to international emission standards. MTL has partnered with Stanadyne Corporation USA in developing these engines and their President, Dr. John Pinson was at the launch function.

Additionally, MTL formally launched the export of tractors through our principals AGCO for their markets in Africa and Middle East. Mr. Gary Lee Collar, Senior Vice President and General Manager, APA attended the launch function on behalf of AGCO Corporation USA.

I extend my gratitude to my fellow Board members for their continued support towards governance of the Company, as well as vending associates, customers, dealers, financial institutions and all other stakeholders for their contribution and belief in MTL name.

For and on behalf of the Board



Sikandar Mustafa Khan
Chairman

Lahore:
February 16, 2017

AUDITORS' REPORT

to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Millat Tractors Limited as at 31 December 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes of equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

EY Ford Rhodes
Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: February 16, 2017

CONDENSED INTERIM BALANCE SHEET

as at December 31, 2016

	Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		442,926	442,926
General reserves		2,278,935	2,985,519
Unappropriated profit		1,579,698	622,192
Fair value reserve		154,841	91,123
		4,456,400	4,141,760
NON-CURRENT LIABILITIES			
Long term deposits		11,905	11,505
Deferred liabilities - tax		14,518	2,108
Employees' defined benefit plan		102,493	88,558
		128,916	102,171
CURRENT LIABILITIES			
Accumulating compensated absences		99,282	96,282
Trade and other payables	5	6,707,944	5,310,799
Accrued mark-up on short term borrowings	6	76	310
		6,807,302	5,407,391
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		11,392,618	9,651,322

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



S M Irfan Aqueel
Chief Executive



	Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	8	480,048	448,130
Capital work in progress		238,316	225,134
Intangible assets		1,847	3,295
Investment property		255,708	255,708
Long term investments	9	460,645	396,928
Long term loans		1,574	1,483
		1,438,138	1,330,678
CURRENT ASSETS			
Stores, spare parts and loose tools		117,674	111,913
Stock-in-trade		3,318,752	2,545,484
Trade debts		203,843	286,194
Loans and advances	10	66,043	72,071
Trade deposits and short term prepayments		33,573	24,366
Other receivables		102,527	104,756
Short term investments	11	3,120,865	800,317
Balances with statutory authorities		1,318,729	1,184,143
Tax refunds due from the Government		567,921	629,148
Cash and bank balances		1,104,553	2,562,252
		9,954,480	8,320,644
		11,392,618	9,651,322

Sikandar Mustafa Khan
Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

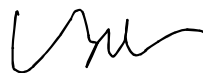
for the half year ended December 31, 2016

	Half year ended		Quarter ended	
	31 December		31 December	
	2016	2015	2016	2015
Note -----(Rupees in thousand)-----				
Sales - net	11,543,319	6,470,441	6,882,912	2,929,556
Cost of sales	8,922,554	5,440,107	5,261,920	2,479,795
Gross profit	2,620,765	1,030,334	1,620,992	449,761
Distribution and marketing expenses	282,684	135,904	161,874	63,788
Administrative expenses	216,372	213,695	94,664	86,296
Other operating expenses	160,326	58,762	104,684	30,976
	659,382	408,361	361,222	181,060
Other income	12 265,587	170,406	235,733	152,203
Operating profit	2,226,970	792,379	1,495,503	420,904
Finance costs	278	8,832	78	6,511
Profit before taxation	2,226,692	783,547	1,495,425	414,393
Taxation	646,994	211,779	428,749	94,839
Profit for the year	1,579,698	571,768	1,066,676	319,554
Earnings per share - basic and diluted (Rupees)	35.66	12.91	24.08	7.21

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the half year ended December 31, 2016

	Half year ended		Quarter ended	
	31 December		31 December	
	2016	2015	2016	2015
	------(Rupees in thousand)-----			
Profit for the period	1,579,698	571,768	1,066,676	319,554
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Unrealized gain/ (loss) on revaluation of investments	63,718	1,463	(15,483)	(8,633)
Items not to be reclassified to profit or loss in subsequent periods:	-	-	-	-
Total other comprehensive income/ (loss)-net of tax	63,718	1,463	(15,483)	(8,633)
Total comprehensive income for the period	1,643,416	573,231	1,051,193	310,921

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman

CONDENSED INTERIM CASH FLOW STATEMENT

for the half year ended December 31, 2016

	Half year ended 31 December 2016 (Rupees in thousand)	Half year ended 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,226,692	783,547
Adjustment for:		
Depreciation on property, plant and equipment	33,476	32,896
Amortization of intangible assets	1,448	1,478
Provision for accumulating compensated absences	3,000	6,331
Profit on bank deposits	(7,383)	(7,377)
Dividend income	(174,621)	(136,750)
Provision for pension obligation	19,895	5,995
Gain on disposal of property, plant and equipment	(1,027)	-
Gain on sale of short term investments	(62,386)	(4,564)
Finance costs	278	8,832
Workers' Profit Participation Fund	119,286	41,915
Workers' Welfare Fund	39,732	12,847
	(28,302)	(38,397)
Cash flows from operating activities before working capital changes	2,198,390	745,150
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(5,761)	(14,519)
Stock in trade	(773,268)	(276,647)
Trade debts	82,351	15,757
Loans and advances	6,028	(6,235)
Trade deposits and short term prepayments	(9,207)	(20,527)
Other receivables	(4,988)	(101,359)
Increase / (Decrease) in current liabilities:		
Trade and other payables	1,246,291	(957,388)
Cash generated / (used in) from operations	541,446	(1,360,918)



	Half year ended 31 December 2016	Half year ended 31 December 2015
	(Rupees in thousand)	
Taxes paid	(700,390)	(312,547)
Net decrease / (Increase) in long term loans to employees	(91)	80
Workers' Profit Participation Fund paid	(5,507)	(17,539)
Employee benefits paid	(5,960)	(5,290)
Long term security deposits received	400	800
Interest and mark-up paid	(512)	(6,132)
	(712,060)	(340,628)
Net cash from / (used in) operating activities	2,027,776	(956,396)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(88,012)	(22,417)
Purchase of intangible assets	-	(2,381)
Proceeds from disposal of property, plant and equipment	8,409	7,611
Short term investments made	(4,309,674)	-
Proceeds from sale of short term investments	2,051,512	704,767
Profit on bank deposits received	6,445	8,892
Dividend received	174,621	136,750
Net cash (used in) / from investing activities	(2,156,699)	833,222
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,328,776)	(1,193,959)
Increase in short term borrowings - net	-	550,905
Net cash flow used in financing activities	(1,328,776)	(643,054)
Net decrease in cash and cash equivalents	(1,457,699)	(766,228)
Cash and cash equivalents at the beginning of the period	2,562,252	1,082,170
Cash and cash equivalents at the end of the period	1,104,553	315,942

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

S M Irfan Aqueel
Chief Executive

Sikandar Mustafa Khan
Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the half year ended December 31, 2016

	Share capital	Revenue Reserves		Fair value reserves	Total
		General reserves	Unappropriated profit		
------(Rupees in thousand)-----					
Balance as on 01 July 2015	442,926	3,116,706	1,086,858	64,953	4,711,443
Final dividend for the year ended 30 June 2015 @ Rs. 27.5 per share	-	(131,187)	(1,086,858)	-	(1,218,045)
Profit for the period	-	-	571,768	-	571,768
Other comprehensive income	-	-	-	1,463	1,463
Total comprehensive income for the period	-	-	571,768	1,463	573,231
Balance as on 31 December 2015	442,926	2,985,519	571,768	66,416	4,066,629
Balance as on 01 July 2016	442,926	2,985,519	622,192	91,123	4,141,760
Final dividend for the year ended 30 June 2016 @ Rs. 30 per share	-	(706,584)	(622,192)	-	(1,328,776)
Profit for the period	-	-	-	-	1,579,698
Other comprehensive income	-	-	-	63,718	63,718
Total comprehensive income for the period	-	-	1,579,698	63,718	1,643,416
Balance as on 31 December 2016 (unaudited)	442,926	2,278,935	1,579,698	154,841	4,456,400

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended December 31, 2016

1. THE COMPANY AND ITS ACTIVITIES

The Company is a public limited Company incorporated in Pakistan in 1964 under the Companies Ordinance 1984, and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. It is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Company for the half year ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984 and Listing Regulations of Pakistan Stock Exchange Limited.

3. BASIS OF PREPARATION

3.1 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2016.

3.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2016 except for as disclosed in note 3.3 below.

3.3 The Company has adopted the following amendments and interpretation of IFRSs which became effective during the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 12 Disclosure of Interests in Other Entities

IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment) IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

IMPROVEMENTS TO ACCOUNTING STANDARDS ISSUED BY THE IASB IN SEPTEMBER 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, interpretation and improvements did not have any significant impact on this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 30 June 2016.

	Note	Un-audited 31 December 2016	Audited 30 June 2016
(Rupees in thousand)			
5. TRADE AND OTHER PAYABLES			
Trade creditors		1,326,667	932,021
Bills payable		93,429	22,955
Accrued liabilities		125,765	170,764
Advances from customers		4,303,399	3,646,077
Trademark fee payable		114,395	125,948
Workers' Profit Participation Fund		119,406	5,627
Workers' Welfare Fund		88,553	48,822
Security deposits		4,850	4,700
Unclaimed dividends		303,525	281,891
Others	(5.1)	227,955	71,994
		6,707,944	5,310,799

5.1 These include deposits by employees under car and motorcycle scheme amounting to Rs. 23,519 thousand (30 June 2016: Rs. 25,221 thousand) and carry no markup.

6. Accrued mark-up on short term borrowings

6.1 This represents accrued interest payable on short term borrowings availed from conventional banks during the year. However, balance of short term borrowings as on 31st December 2016 was Rs. Nil (30 June 2016: Rs. Nil).

6.2 Short term borrowings are availed from various banks against aggregate sanctioned limit of Rs.4,000,000 thousand (30 June 2016: Rs. 4,000,000 thousand). The rates of mark up ranges from KIBOR plus 0.1 % to KIBOR plus 0.4 % (30 June 2016: KIBOR plus 0.1 % to KIBOR plus 0.4 %) per annum.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

7.2 Commitments

Commitments in respect of outstanding letters of credit are Rs. 805,860 thousand (30 June 2016: Rs. 270,910 thousand) at 31st December 2016.



	Un-audited 31 December	Audited 30 June
Note	2016	2016
8. OPERATING FIXED ASSETS		
	(Rupees in thousand)	
Opening book value	448,130	485,721
Add: Additions during the period / year	(8.1) 74,830	53,591
	522,960	539,312
Less:		
Deletions during the period / year	(9,436)	(24,520)
Depreciation for the period / year	(33,476)	(66,662)
	(42,912)	(91,182)
Book value at the end of the period / year	480,048	448,130
8.1 Additions during the period / year		
Plant and machinery	4,933	4,276
Tools and equipment	-	1,545
Computers	563	3,480
Furniture and office equipment	1,172	4,811
Vehicles	68,162	39,479
	74,830	53,591
9. LONG TERM INVESTMENTS		
Related parties:		
Investment at cost		
Subsidiaries - unquoted	217,050	217,050
Subsidiary - quoted	76,610	76,610
	293,660	293,660
Others:		
Available for sale - quoted		
Cost	12,145	12,145
Surplus on revaluation of investment	154,840	91,123
	166,985	103,268
	460,645	396,928
10. LOANS AND ADVANCES		
Current portion of long term loans to employees	1,754	1,500
Advances to employees - considered good	2,396	2,052
Advances to suppliers - considered good	57,772	46,890
	61,922	50,442
Advances to suppliers - considered doubtful	2,485	2,485
Less: Provision for doubtful advances	(2,485)	(2,485)
	-	-
Letter of credit opening charges	4,121	21,629
	66,043	72,071
11. SHORT TERM INVESTMENTS		
Investment in conventional mutual funds designated at fair value through profit and loss:		
Gain on revaluation of investment	(12) 62,386	416
	3,058,479	799,901
	3,120,865	800,317

	Un-audited 31 December 2016	Un-audited 31 December 2015
(Rupees in thousand)		
12. OTHER INCOME		
Income from financial assets:		
Dividend Income	174,621	136,750
Gain on short term investments (11)	62,386	4,564
Mark-up on bank deposits	7,383	7,377
Mark-up on early payments	13,571	15,118
Gain on exchange rate and price difference	7	-
	257,968	163,809
Income from assets other than financial assets	7,619	6,597
	265,587	170,406

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

	Un-audited 31 December 2016	Un-audited 31 December 2015
(Rupees in thousand)		
Relationship	Nature of transaction	
Subsidiaries	Purchase of components	
	2,232,817	1,369,072
Retirement benefit plans	Dividend income	
	174,621	132,901
Key management personnel	Contribution to staff retirement benefit plans	
	8,403	7,655
	Remuneration	
	48,843	44,193
	Disposal of vehicles	
	3,965	1,710
The outstanding balances of such parties are as under:	Un-audited 31 December 2016	Audited 30 June 2016
(Rupees in thousand)		
Subsidiaries	Payables	
	100,923	176,511
	Receivables	
	22,746	27,918

14. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has declared Rs. 35.00 cash dividend (30 June 2016: Rs. 30 per share) and Nil bonus shares (30 June 2016: Nil) in their meeting held on February 16, 2017.

15. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 16, 2017.

16. GENERAL

16.1 Provisions in respect of Worker's Welfare Fund, Worker's Profit Participation Fund, defined benefit plan and taxation are estimated and these are subject to final adjustment in the annual financial statements.

16.2 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 2015 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.

16.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman



Consolidated Condensed Interim Financial Statements

MILLAT TRACTORS LIMITED

For the Half year ended December 31, 2016



CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

as at December 31, 2016 (Unaudited)

	Note	December 31, 2016 (Rupees in thousand)	June 30, 2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (30 June 2016: 50,000,000)			
ordinary shares of Rs 10 each		500,000	500,000
Issued, subscribed and paid up capital		442,926	442,926
General reserves		2,475,309	3,181,893
Unappropriated profit		2,072,595	1,105,960
Exchange translation reserve		(504)	1,029
Fair value reserve		224,304	146,450
		5,214,630	4,878,258
Non-controlling interest		1,126,775	1,118,359
Non-current liabilities			
Long term deposits		21,348	21,343
Deferred taxation		55,599	21,660
Employees' defined benefit plan obligation		190,918	168,513
		267,865	211,516
Current liabilities			
Accumulating compensated absences		115,606	121,202
Trade and other payables	5	7,026,189	5,461,736
Current portion of long term deposits		641	899
Short term borrowings		125,339	274,159
Accrued mark-up on short term borrowings		3,085	5,111
		7,270,860	5,863,107
CONTINGENCIES AND COMMITMENTS			
	6	13,880,130	12,071,240

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.



S M Irfan Aqueel
Chief Executive

ASSETS	Note	December 31, 2016 (Rupees in thousand)	June 30, 2016
Non-current assets			
Property, plant and equipment			
Operating fixed assets	7	1,342,357	1,238,495
Capital work in progress	8	244,150	270,631
Intangible asset		2,099	3,597
Goodwill		18,572	18,572
Investment property		255,708	255,708
Long term investments	9	204,409	126,555
Long term loans		2,776	2,264
Long term deposits		7,411	7,411
		2,077,482	1,923,233
Current assets			
Stores and spares		341,464	342,749
Stock in trade		4,147,979	3,149,366
Trade debts		376,741	433,764
Loans and advances		169,175	135,257
Trade deposits and short term prepayments		42,652	36,940
Other receivables		102,956	105,305
Balances with statutory authorities		1,328,074	1,193,953
Tax refunds due from the Government		745,863	821,906
Short term investments	10	3,335,512	1,194,315
Cash and bank balances		1,212,232	2,734,452
		11,802,648	10,148,007
		13,880,130	12,071,240



Sikandar Mustafa Khan
Chairman

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the half year ended December 31, 2016 (Unaudited)

Note	Half Year ended December 31		Quarter ended December 31	
	2016	2015	2016	2015
	(Rupees in thousand)			
		Restated		Restated
Sales - net	12,211,498	8,270,485	7,311,480	4,411,949
Cost of sales	8,946,785	6,982,586	5,258,485	3,890,777
Gross profit	3,264,713	1,287,899	2,052,995	521,172
Distribution and marketing expenses	325,717	164,248	188,359	73,797
Administrative expenses	299,255	288,090	137,687	118,570
	624,972	452,338	326,046	192,367
Operating profit	2,639,741	835,561	1,726,949	328,805
Other income	12	116,862	54,779	78,713
		2,756,603	890,340	1,805,662
Other operating expenses	196,052	70,046	129,673	33,684
Finance cost	10,437	28,989	5,054	16,185
	206,489	99,035	134,727	49,869
Profit before taxation	2,550,114	791,305	1,670,935	306,561
Taxation	787,630	276,786	523,524	123,947
Profit for the period	1,762,484	514,519	1,147,411	182,614
Attributable to:				
- Equity holders of the holding Company	1,588,827	475,821	1,024,854	183,188
- Non-controlling interests	173,657	38,698	122,557	(574)
	1,762,484	514,519	1,147,411	182,614
Earnings per share - basic and diluted (Rupees)	39.79	11.62	25.91	4.12

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman



CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the half year ended December 31, 2016 (Unaudited)

	Half year ended December 31		Quarter ended December 31	
	2016	2015	2016	2015
	(Rupees in thousand)			
		Restated		Restated
Profit for the year	1,762,484	514,519	1,147,411	182,614
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Unrealized gain / (loss) on revaluation of available for sale investments	77,854	2,347	(18,954)	(10,572)
Total other comprehensive income/ (loss)-net of tax	77,854	2,347	(18,954)	(10,572)
Total comprehensive income for the year	1,840,338	516,866	1,128,457	172,042
Attributable to:				
- Equity holders of the holding Company				
- Non-controlling interest	1,666,681	478,168	1,005,900	172,616
	173,657	38,698	122,557	(574)
	1,840,338	516,866	1,128,457	172,042

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

S M Irfan Aqueel
Chief Executive

Sikandar Mustafa Khan
Chairman

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

for the half year ended December 31, 2016 (Unaudited)

	Half year ended	
	December 31 2016	December 31 2015 Restated
(Rupees in thousand)		
Cash flows from operating activities		
Profit before taxation	2,550,114	791,305
Adjustment for:		
Depreciation on property, plant & equipment	72,175	50,050
Amortization of intangible assets	1,498	2,012
Provision for accumulated compensated absences	4,000	6,331
Profit on bank deposits	(12,181)	(9,803)
Dividend income	(7,851)	(41,127)
Provision for pension obligation	28,772	-
Gain on disposal of property, plant and equipment	(1,027)	-
Gain on sale of short term investments	(76,659)	(4,564)
Finance cost	10,437	28,989
Workers' Profit Participation Fund	143,938	45,247
Workers' Welfare Fund	49,235	14,145
	212,337	91,280
Cash flow from operating activities before working capital changes	2,762,451	882,585
Effect on cash flow due to working capital changes		
Decrease/(Increase) in current assets:		
Stores, spare parts and loose tools	1,285	(16,868)
Stock in trade	(998,613)	(299,283)
Trade debts	57,023	(107,981)
Loans and advances	(33,918)	(41,289)
Trade deposits and prepayments	(5,712)	(5,845)
Other receivables	(131,772)	(278,916)
	(1,111,707)	(750,182)
Increase / (Decrease) in current liabilities:		
Trade and other payables	1,564,453	(669,581)
	452,746	(1,419,763)



Half year ended
December 31 December 31
2016 2015
Restated
(Rupees in thousand)

Cash used in operations		
Income tax paid	(684,680)	(197,900)
Net Increase in long term loans to employees	(512)	(212)
Workers' Profit Participation Fund paid	(143,938)	(45,247)
Workers' Welfare Fund paid	(49,234)	(14,145)
Employee benefits paid	(8,931)	(7,303)
Increase in long term security deposits	(253)	(4,414)
Mark-up paid	(12,463)	(36,833)
	(900,011)	(306,054)
Net cash generated from/(used in) operating activities	2,315,186	(843,232)
Cash flows from investing activities		
Purchase of property, plant and equipment	(162,403)	(37,083)
Purchase of intangible assets	-	(2,719)
Short term investments (made) / redeemed - net	(2,064,538)	1,043,267
Proceeds from sale of property, plant and equipment	13,874	-
Dividend received	7,851	41,127
Profit on bank deposits received	12,181	9,803
Net cash (used in)/generated from investing activities	(2,193,035)	1,054,395
Cash flows from financing activities		
Dividend paid to controlling interests	(1,328,776)	(1,349,232)
Dividend paid to non-controlling interests	(165,241)	(130,075)
Net cash used in financing activities	(1,494,017)	(1,479,307)
Net decrease in cash and cash equivalents	(1,371,867)	(1,268,144)
Cash and cash equivalents at the beginning of the period	2,585,632	1,699,824
Foreign exchange difference	(1,533)	3,500
Cash and cash equivalents at the end of the period	1,212,232	435,180

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

S M Irfan Aqueel
Chief Executive

Sikandar Mustafa Khan
Chairman

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

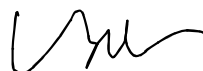
for the half year ended December 31, 2016 (Unaudited)

	Share capital	Revenue reserves		Exchange translation reserve	Fair value reserve	Non-controlling interests	Total
		General reserves	Unappropriated profit				
----- (Rupees in thousand) -----							
Balance as on 01 July 2015 - restated	442,926	3,313,080	1,496,683	145	117,241	1,081,632	6,451,707
Net profit for the period	-	-	475,821	-	-	38,698	514,519
Final dividend for the year ended 30 June 2015 @ Rs. 27.5 per share	-	(131,187)	(1,086,683)	-	-	-	(1,217,870)
Dividend payment to NCI	-	-	-	-	-	(130,075)	(130,075)
Other comprehensive income for the period	-	-	-	-	2,347	-	2,347
Balance as on 31 December 2015	442,926	3,181,893	885,821	145	119,588	990,255	5,620,628
Balance as on 01 July 2016	442,926	3,181,893	1,105,960	1,029	146,450	1,118,359	5,996,617
Net profit for the period	-	-	1,588,827	-	-	173,657	1,762,484
Final dividend for the year ended 30 June 2016 @ Rs. 30 per share	-	(706,584)	(622,192)	-	-	-	(1,328,776)
Dividend payment to NCI	-	-	-	-	-	(165,241)	(165,241)
Other comprehensive income for the period	-	-	-	(1,533)	77,854	-	76,321
Balance as on 31 December 2016	442,926	2,475,309	2,072,595	(504)	224,304	1,126,775	6,341,405

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended December 31, 2016 (Unaudited)

1. THE GROUP AND ITS ACTIVITIES

Millat Tractors Limited - the Holding Company is a public limited Company incorporated in Pakistan in 1964 under the Companies Ordinance 1984, and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The registered office of the Company is situated at Sheikhpura Road, District Sheikhpura. It is principally engaged in assembling and manufacturing of agricultural tractors, implements and multi-application products.

Millat Industrial Products Limited (MIPL), an unlisted public company registered under the Companies Ordinance 1984, is a subsidiary of Millat Tractors Limited which holds 64.09% equity. MIPL is engaged in the business of manufacturing of industrial, domestical and vehicular batteries, cells and components.

Tipeg Intertrade DMCC, Dubai, a limited liability company registered with Dubai Multi Commodities Centre Authority, is a subsidiary of Millat Tractors Limited which holds 75% equity. The principal place of business of the company is located at Jumeirah Lake Towers, Dubai-UAE. The company is formed for trading of machinery and heavy equipment.

Millat Equipment Limited (MEL), an unlisted public company registered under the Companies Ordinance 1984, is a subsidiary of Millat Tractors Limited which holds 45% equity. MEL is engaged in the business of manufacturing of automotive, agricultural and industrial vehicles parts and components thereof.

Bolan Castings Limited (BCL), a public limited company incorporated in Pakistan under the Companies Ordinance 1984, and is listed on Pakistan Stock Exchange, is a subsidiary of Millat Tractors Limited which holds 46.26% equity. BCL is engaged in the business of manufacturing of castings for tractors and automotive parts thereof.

2. STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information of the Group for the half year ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984 and Listing Regulations of Pakistan Stock Exchange Limited.

3. BASIS OF PREPARATION

- 3.1 This interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2016.
- 3.2 The accounting policies adopted for the preparation of this interim financial information are same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2016 except for as disclosed in note 3.3 below.
- 3.3 The Company has adopted the following amendments and interpretation of IFRSs which became effective during the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 12 Disclosure of Interests in Other Entities

IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

IMPROVEMENTS TO ACCOUNTING STANDARDS ISSUED BY THE IASB IN SEPTEMBER 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, interpretation and improvements did not have any significant impact on this condensed interim financial information except as below:

As a result of adoption of International Financial Reporting Standard (IFRS) - 10, "Consolidated Financial Statements" by Securities and Exchange Commission of Pakistan (SECP), the Company reassessed control mechanism of its investment in Bolan Castings Limited (BCL) and Millat Equipment Limited (MEL) that although the Company has less than 50% voting rights both in BCL and MEL, the Company has the ability to exercise control over both these companies. Henceforth, these companies are concluded to be subsidiaries of the Company.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2016.

	December 31, 2016	June 30, 2016
	(Rupees in thousand)	
5. TRADE AND OTHER PAYABLES		
Trade creditors	1,548,333	976,328
Bills payable	93,429	22,955
Accrued liabilities	154,873	218,125
Advances from customers	4,314,248	3,664,400
Trademark fee payable	114,395	125,948
Workers' Profit Participation Fund	142,367	23,974
Workers' Welfare Fund	96,395	61,571
Security deposits	4,850	6,210
Unclaimed dividends	306,504	286,480
Others	250,795	75,745
	7,026,189	5,461,736

5. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments in respect of outstanding letters of credit are Rs. 1,175,350 thousand (June 30, 2016: Rs 403,826 thousand).



	December 31, 2016	June 30, 2016
	(Rupees in thousand)	
7. OPERATING FIXED ASSETS		
Opening book value	1,237,431	1,263,416
Stores, spares & loose tools	1,064	1,064
Add: Additions during the period	188,883	152,471
	1,427,378	1,416,951
Less: Disposals / write offs during the period (at book value)	(12,847)	(33,066)
Depreciation charged during the period	(72,175)	(145,390)
	(85,022)	(178,456)
Closing book value	1,342,357	1,238,495
7.1 Additions during the period		
- Buildings on freehold land	48,998	32,573
- Plant and machinery	40,224	27,824
- Tools and equipments	6,932	19,078
- Furniture, fixture and office equipment	2,140	8,041
- Vehicles	89,384	60,855
- Computers	1,205	4,100
	188,883	152,471
8. CAPITAL WORK IN PROGRESS		
Advance for purchase of office space	227,165	220,125
Others	16,985	50,506
	244,150	270,631
9. LONG TERM INVESTMENTS		
Available for sale - quoted		
Cost	24,364	24,364
Surplus on revaluation of investment	180,045	102,191
	204,409	126,555
	204,409	126,555
10. SHORT TERM INVESTMENTS		
Financial assets at fair value through profit and loss - Mutual fund units	3,335,512	1,194,315

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

		Half year ended December 31	
		2016	2015
		(Rupees in thousand)	
Retirement benefit plans	Contribution to staff retirement benefit plans	12,225	10,680
Key management personnel	Remuneration	64,118	60,391
	Disposal of vehicles	3,965	1,710

Half year ended
December 31

2016

2015

(Rupees in thousand)

12. OTHER INCOME

	2016	2015
Income from financial assets:		
Dividend Income	7,851	18,894
Return on commercial bank deposits	12,185	7,582
Gain on revaluation investment	68,324	4,564
	88,360	31,039
Income from assets other than financial assets	28,502	23,740
	116,862	54,779

13. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors have declared Rs. 35.00 cash dividend (June 30, 2016: Rs. 30 per share) in their meeting held on February 16, 2017.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 16, 2017 by the Board of Directors of the company.

15. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.



S M Irfan Aqueel
Chief Executive



Sikandar Mustafa Khan
Chairman

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